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February 8, 2011

Jeffrey W. Shaw
Chief Executive Officer
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5241 Spring Mountain Road
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Douglas L. Foshee
Chief Executive Officer
El Paso Natural Pipeline Group
1001 Louisiana Street
Houston, TX 77002
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Houston, TX 77252-2511

RE: NATIONAL TRANSPORTATION SAFETY BOARD RECOMMENDATIONS ON
PACIFIC GAS & ELECTRIC COMPANY SEPTEMBER 9, 2010, PIPELINE
ACCIDENT IN SAN BRUNO, CALIFORNIA

Dear Mr. Shaw and Mr. Foshee:

This letter request information from Arizona's Natural Gas Companies related to the recent San Bruno accident. The questions from the National Transportation Safety Board are instructive and I request that Arizona's gas companies answer my questions at the end of this letter.

On January 3, 2011, the National Transportation Safety Board ("NTSB") issued letters to the California Public Utilities Commission ("CPUC"), Pipeline and Hazardous Materials Safety Administration ("PHMSA"), and Pacific Gas and Electric Company ("PG&E"). In total, these letters contained seven NTSB recommendations; 3 for the CPUC, 1 for PHMSA, and 3 for PG&E. The seven recommendations are as follows:

For the CPUC

1. Develop an implementation schedule for the requirements of Safety Recommendation P-10-2 (Urgent) to PG&E and ensure, through adequate oversight, that PG&E has aggressively and diligently searched documents and records relating to pipeline system components, such as pipe segments, valves, fittings, and weld seams, for PG&E natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating

pressure established through prior hydrostatic testing as outlined in Safety Recommendation P-10-2 (Urgent) to PG&E. These records should be traceable, verifiable, and complete; should meet your regulatory intent and requirements; and should have been considered in determining maximum allowable operating pressures for PG&E pipelines. (P-10-5) (Urgent)

2. If such a document and records search cannot be satisfactorily completed, provide oversight to any spike and hydrostatic tests that PG&E is required to perform according to Safety Recommendation P-10-4. (P-10-6) (Urgent)
3. Through appropriate and expeditious means, including posting on your website, immediately inform California intrastate natural gas transmission operators of the circumstances leading up to and the consequences of the September 9, 2010, pipeline rupture in San Bruno, California, and the National Transportation Safety Board's urgent safety recommendations to PG&E so that pipeline operators can proactively implement corrective measures as appropriate for their pipeline systems. (P-10-7) (Urgent)

For PHMSA

Through appropriate and expeditious means such as advisory bulletins and posting on your website, immediately inform the pipeline industry of the circumstances leading up to and the consequences of the September 9, 2010, pipeline rupture in San Bruno, California, and the National Transportation Safety Board's urgent safety recommendations to PG&E so that pipeline operators can proactively implement corrective measures as appropriate for their pipeline systems. (P-10-1) (Urgent)

For PG&E

1. Aggressively and diligently search for all as-built drawings, alignment sheets, and specifications, and all design, construction, inspection, testing, maintenance, and other related records, including those records in locations controlled by personnel or firms other than PG&E, relating to pipeline system components, such as pipe segments, valves, fittings, and weld seams for PG&E natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating pressure established through prior hydrostatic testing. These records should be traceable, verifiable, and complete. (P-10-2) (Urgent)
2. Use the traceable, verifiable, and complete records located by implementation of Safety Recommendation P-10-2 (Urgent) to determine the valid maximum allowable operating pressure, based on the weakest section of the pipeline or component to ensure safe operation, of PG&E natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a

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maximum allowable operating pressure established through prior hydrostatic testing.
(P-10-3) (Urgent)

3. If you are unable to comply with Safety Recommendations P-10-2 (Urgent) and P-10-3 (Urgent) to accurately determine the maximum allowable operating pressure of PG&E natural gas transmission lines in class 3 and class 4 locations and class 1 and class 2 high consequence areas that have not had a maximum allowable operating pressure established through prior hydrostatic testing, determine the maximum allowable operating pressure with a spike test followed by hydrostatic pressure test.
(P-10-4)

As you may have noticed, several of the NTSB recommendations are noted as being "Urgent". It is because of this urgency on the part of NTSB and the fact that the PG&E San Bruno accident was so devastating that I request that you respond to the following questions as soon as possible, but no later than February 14, 2011:

1. Is your Company in compliance with the three recommendations that the NTSB has made for PG&E? If yes, please explain why you believe you are in compliance.
2. If the answer to #1 is no, please detail how the Company would comply with the NTSB recommendations, if required to do so. In this explanation, please include all estimated costs of this compliance.
3. If the answer to #1 is no and your Company believes that it is not required to comply with the NTSB recommendations for PG&E, please provide a detailed explanation as to how your Company is achieving the same safety level as the three recommendations made by the NTSB for PG&E?

Sincerely,



Paul Newman
Commissioner

cc: Chairman Gary Pierce
Commissioner Bob Stump
Commissioner Sandra D. Kennedy
Commissioner Brenda Burns
Ernest G. Johnson
Janice Alward
Steve Olea
Robert Miller
NARUC Subcommittee on Pipeline Safety
NARUC Subcommittee on Gas